



**Responses to questions for the Firemen's Annuity & Benefit Fund of Chicago ("FABF")
Request for Proposal (RFP): Core Plus Fixed Income**

(Please note that similar questions have been grouped together.)

1. *We have reviewed your request for proposal and would like to know if a portfolio of structured credit assets including ABS, CLO, CMBS and RMBS would meet the definition of core plus fixed income assets pertaining to your open mandate?*

Answer: No, a structured credit mandate would not meet our definition of core plus fixed income.

2. *Would you be able to clarify what "a bank similarly registered" refers to?*

Answer: In accordance with 40 ILCS 5/1-101.4, an Investment Adviser is required to be one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940 or (iv) an insurance company authorized to transact business in Illinois. Please note that the Code also requires the Adviser to acknowledge in writing that he or she is a fiduciary with respect to the pension fund or retirement system. If you satisfy these requirements, we will consider your response to this RFP.

3. *Would you be willing to consider a collective investment trust (CIT) vehicle for this opportunity? Does the Firemen's Annuity & Benefit Fund of Chicago have a preference for vehicle type? Is a CIT an acceptable vehicle for the core plus mandate? Does FABF have a preference with respect to investment vehicle (e.g. separate account vs commingled)?*

Answer: FABF would prefer a separate account for this mandate. However, if separate account minimums will not be met, a collective fund structure would be considered.

4. *We note that one of the certifications relates to complying with the MWDBE brokerage policy, is this applicable to commingled vehicles?*

Answer: FABF's brokerage policy would not apply to a commingled fund investment.

5. *What frequency does the Fund want managers to present the historical 10-year data (annual as of 12/31, quarterly)? What format does the Fund want managers to provide the current (where applicable) and historical 10-year data (i.e., in Excel, in the context of the RFP response)? Could you please confirm whether you are requesting the historical allocations on a calendar-year basis or if you prefer the data based on the trailing year as of September for each of the last 10 years?*

Answer: For the Questionnaire, please provide historical data as of calendar year end in your preferred format. For Callan's database, investment return data streams and portfolio composition data should be updated through September 30, 2024.

6. *Does the Fund want managers to present characteristics and allocations in the same manner as those defined in the Callan DNA database?*

Answer: For the Questionnaire, please provide data in your preferred format. For Callan's database, please provide data in format as defined in the Callan DNA database.

7. *Should the Disclosure Statement be completed as well as signed?*

Answer: Yes, the Disclosure Statement should be completed as well as signed.

8. *With respect to allocation to MWDBE brokers (Section 3, 2nd to last question), does the Fund require data or an explanation of the manager's policies/procedures?*

Answer: Please thoroughly describe your firm's approach to trading including policies and procedures. Please provide data related to your firm's utilization of MWDBE brokers.

9. *If we're proposing a publicly registered mutual fund and we're able to serve as a fiduciary under the Illinois Pension Code to the Fund with respect to our management of as well as duties and obligations to the Fund, but not with respect to services we separately provide to the mutual fund, is that a satisfactory fiduciary certification as required in Minimum Requirement #2?*

Answer: In accordance with 40 ILCS 5/1-101.4, an Investment Adviser is required to acknowledge in writing that he or she is a fiduciary with respect to the pension fund or retirement system. This is the only fiduciary requirement in the Illinois Pension Code.

10. *The Diversity excel sheet asks for "summary listing as of December 31, 2022". We are happy to provide 2022 data, but would you prefer more current data if it is available?*

Re: diversity chart included in the RFP -Is this the most up to date version? If not, would you prefer to receive the data as of Dec 31, 2023

Answer: Please provide the most current available data for the Diversity table.

11. *Is there flexibility to include Fitch ratings when calculating the portfolio's average quality?*

Answer: Yes, Fitch ratings may be used when calculating the portfolio's average quality.

12. *Would net notional exposure arising from interest rate futures be allowed under the guidelines?*

Answer: Yes, it is expected that derivatives will be used.

13. *Is there any flexibility with the \$1 billion asset minimum for a manager with 90% of the asset requirement?*

Answer: The asset minimum of \$1 billion will only be exempt for MWDBE firms.

14. *Can you please confirm if the RFPs are strictly **public** fixed income or if it includes **private** fixed income?*

Answer: Private fixed income will not be considered for this search.

15. *If a firm wishes to participate in the process for both core bond and core plus mandates, should the firm submit two separate proposals or combine into one?*

Answer: Please submit two separate proposals.

16. *Statement of Certification: The document states that by responding to the RFP, all statements below it are TRUE, including: " There are no past or present litigation or regulatory actions*

against the Adviser or any current employees of the Adviser at the time of submitting the Response to the Request for Proposal. (Please disclose any exceptions)”

What would be the requirement a firm would need to meet in order to meet the exception (materiality) and where would that be noted? On the statement/in the RFP/etc.?

Answer: Please disclose any litigation on the Statement of Certification. We do not have a materiality limit related to litigation. Aspects of litigation that we consider include timing, personnel involved, and the nature of the litigation.

17. *With respect to the MWDBE trading requirement, would FABF want to see at least 15% on an annual basis allocated to MWDBE firms and if best efforts don't yield that level of execution, what percentage of trading opportunities would need to be provided in the quarterly reporting?*

Answer: It is the goal of the Fund to have at least 15% of its fixed income transactional amounts be placed with MWDBE broker/dealers. Program success is measured in aggregate. Individual managers are also tasked with achieving the MWDBE brokerage goal of 15% as measured annually. There is no target for quarterly achievement. Any failure to achieve the annual goal requires explanation to the Trustees, either through a written memorandum or an in-person presentation, as determined by the Trustees.

18. *As it pertains to Section 6.2 Sample Investment Management Agreement in the RFP guidelines, are investment managers permitted to submit clarifying language to the Sample IMA with our RFP submission?*

Answer: Red-line edits to the IMA are not required. Please add any clarifying language to the Statement of Certification to indicate which items in the IMA will need to be negotiated. (Please note that the fiduciary requirement is non-negotiable.)

19. *Given your requirements to be a fiduciary to the plan, would you allow managers to submit a Mutual Fund for consideration?*

Answer: Mutual funds may be considered. If FABF invested in a mutual fund, FABF would require the investment adviser of the mutual fund to serve as a fiduciary to FABF.